BEFORE THE ARKANSAS CEMETERY BOARD

IN THE MATTER OF

MEMORIAL OPERATIONS COMPANY OF ARKANSAS D/B/A JONESBORO MEMORIAL PARK CEMETERY, JONESBORO, ARKANSAS Order Conditionally Approving Change of Ownership Application Pursuant to Ark. Code Ann. § 20-17-1012

ORDER NO. 00-031-C

ORDER

On this 27th day of April, 2000, the matter of Memorial Operations Company of Arkansas d/b/a Jonesboro Memorial Park Cemetery, Jonesboro, Arkansas, ("Seller") and the Jonesboro Memorial Park Cemetery Permanent Main*tenance Trust Fund ("Trust Fund"), comes on to be heard by the Arkansas Cemetery Board ("Board"). From the Legal Notice and Agenda, proof of proper and timely publication of the same, testimony of Charles F. Handley, the exhibits and all other matters presented, the Board, being well and sufficiently advised as to all matters of fact and law herein, hereby finds, concludes and orders as follows:

FINDINGS OF FACT

- The Seller owns and operates Jonesboro Memorial Park Cemetery ("Cemetery"), a perpetual care cemetery in or near Jonesboro, Arkansas, within the meaning of the Cemetery Act for Perpetually Maintained Cemeteries, Act 352 of 1977, as amended ("Act"), and is subject to the Act, Board and the Rules issued by the Board ("Rules").
- 2. The Seller is a wholly owned subsidiary of Memorial Operations Company of Houston, Texas ("Parent").
- The Trust Fund is a cemetery permanent maintenance trust fund that is subject to the Act, Board, and Rules.
- 4. On April 4, 2000, an Arkansas corporation named SCI Arkansas Funeral Services, Inc. ("Applicant"), and the Parent filed a change of ownership application with the Board which reflected that the Applicant was obtaining the cemetery land and other cemetery assets from the Seller and Parent by a "deed in lieu of foreclosure" transaction.

- 5. This change of ownership application contained the following documents and information:
 - A. A \$100.00 filing fee;
 - B. A statement of the proposed changes to the permit;
 - C. A copy of the proposed rules and regulations for the Cemetery;
 - A statement regarding the proposed transfer which reflects this is a deed in lieu of a foreclosure transaction;
 - E. A statement that the Applicant does not currently own and operate any other cemetery;
 - F. A statement that there are no legal proceedings pending against the Applicant and its officers and directors;
 - G. A statement that the Applicant will assume the responsibility and liability on the Seller's outstanding accounts receivable and will deliver the burial merchandise or service items for all outstanding paid-in-full but not delivered merchandise and service contracts and deposit any funds due the Trust Fund for paid in full lot sales due from the Seller;
 - A statement that the Seller is a wholly owned subsidiary of Memorial Operations Company;
 - I. A balance sheet on the Applicant that was not audited and was as of December 31, 1999;
 - J. A statement that the land covered by the permit shall remain the same;
 - K. A copy of the Cemetery Company Annual Report for the period January 1, 2000, through February 29, 2000;
 - L. A copy of the Trustee's current listing of the Trust Fund's assets;
 - M. A listing of all outstanding accounts receivable of the Seller as of February 29, 2000;
 - N. A listing of all outstanding paid in full but undelivered merchandise and service contacts of the Seller as of March 31, 2000;
 - O. An updated title insurance policy covering that the cemetery land;
 - P. A proposed affidavit by the Seller to correct the problems of issuing deeds to lot purchasers in the name of another subsidiary of the Parent instead of the Seller;
 - Q. A proposed assignment and modification of the Trust Fund agreement;
 - R. A statement by the Applicant stating that it will assume the responsibility and liability of the Seller for all orders issued by the Board for the Seller to construct mausoleums and lawn crypts; and

- 6. The 1999 examination conducted by the Board reflects that there is \$4,690.00 due the Trust Fund because of the failure of the Seller to make timely deposits to the Trust Fund for paid in full lot sales.
- 7. The examination of seven (7) of the nine (9) Arkansas cemeteries owned by the Parent and its subsidiary conducted in 1999 reflected that they were not making timely deposits to the Trust Funds for paid in full lot sales.

CONCLUSIONS OF LAW

- 8. Ark. Code Ann. § 20-17-1012 and Rule 11 require that when any cemetery company subject to the provisions of the Act is to be sold or the ownership otherwise transferred, or a controlling interest in same is sold or so transferred, the cemetery company to whom the current permit is issued or the cemetery company proposing to purchase shall file an application for the issuance of a new permit with the Board, and the Board shall approve the application before a new permit is issued.
- Ark. Code Ann. § 20-17-1012 and Rule 11 require that an application for change of ownership of
 a cemetery which is subject to the Act contain certain specific information and documents.

OPINION

- 10. The Seller and the Applicant have filed all of the information and documents required by the Act and Rules of the Board to be made a part of an application for a change of ownership of a perpetual care cemetery except the following:
 - A. Financial statements on the Applicant which are certified as being true and correct by at least two officers and otherwise meet the requirements of Ark. Code Ann. § 20-17-1012 (a)(2)(L) and Rule 8.01(A)(10).
 - B. A notarized affidavit signed by two of the Applicant's officers stating that the Applicant will be responsible for any additional contributions due by the Seller and its subsidiaries for the failure to make timely deposits to the Trust Fund for paid in full lot sales pursuant to Ark. Code Ann. § 20-17-1016.
 - C. Proof that the Seller and Applicant have executed and filed the attached documents marked Exhibit "A" through "F" which are needed to clear title to the burial spaces sold and to assign the Trust Fund.
 - D. A copy of the deed and sales contract the Applicant is going to use.

E. Proof that the Seller has deposited \$4, 690.00 to the Trust Fund due for the failure to make timely deposits for paid in full lot sales.

ORDER

IT IS THEREFORE ORDERED that the change of ownership application be approved as filed and a new permit be issued to the Applicant to own and operate the Cemetery as a perpetual care cemetery if all the documents set forth in Item No. 10 above are filed with and approved by the Board's staff within twenty (20) days from April 27, 2000. If any of the documents set forth in Item No. 9 above are not filed and approved by the Board's staff with twenty (20) days from April 27, 2000, the change of ownership applications file shall be deemed to be incomplete and not timely filed and because of such denied.

IT IS FURTHER ORDERED that the Applicant shall continue to deposit fifteen percent (15%) of the gross sales price of the lot sales to the Trust Fund for each such paid-in-full contract sold in the Cemetery.

This order having been omitted from the records is entered nunc pro tunc.

DATED THIS 10 th DAY OF MAY, 2000.

ARKANSAS CEMETERY BOARD

DILLARD MARTIN, Chairman

MAC DODSON, Secretary

Assignment and Modification of Trusts Arkansas

For and in consideration of \$10.00 and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Memorial Operations Company acting for itself and as the duly authorized agent of each of its wholly owned subsidiaries listed in Exhibit A attached hereto (together the "Assignor") does hereby sell, assign and convey unto SCI Arkansas Funeral Services, Inc. ("Assignee") all of Assignor's right, title, interest, duties and liabilities in those certain Trust Agreements described in the attached Exhibit B and the assets governed by those Trust Agreements, and does hereby amend such Trust Agreements so that Assignee is substituted in place of and instead of Assignor in all the applicable provisions of the Trust Agreements.

Assignee does hereby assume and agree to perform all duties, responsibilities and obligations which Assignor now has or which will hereafter arise under said Trust Agreements.

The Trust Agreements are in no way amended or modified, except as set out herein, and remain in all other ways in full force and effect.

Executed on the 27th day of April, 2000.

_ 	Assignor:
	MEMORIAL OPERATIONS COMPANY
	Ву:
	President
. 	Assignee:
	SCI ARKANSAS FUNERAL SERVICES, INC.
	Ву:
•	Vice President
EXHIBIT	

EXHIBIT A

Arkansas Subsidiaries

Memorial Operations Company of Arkansas a Delaware corporation (qualified in Arkansas)

JMPC, Inc., an Arkansas corporation

Greene County Memorial Gardens, Inc., an Arkansas corporation

Decatur Memorial Corporation of Arkansas, a Delaware corporation (qualified in Arkansas)

Memorial Park Cemetery and Mausoleum, Inc., an Arkansas corporation

Rest Haven Memorial Park, Inc., an Arkansas corporation

EXHIBIT

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GREENE COUNTY MEMORIAL GARDENS, INC. 2121 Sage Road, Suite 200 Houston, Texas 77056

April 26, 2000

Memorial Operations Company of Arkansas 2121 Sage Road, Suite 200 Houston, Texas 77056

> Re: Green County Memorial Gardens Paragould, Arkansas

Gentlemen:

Certain interment rights in the referenced cemetery were sold to consumers by deeds or other conveyance documents from Memorial Operations Company of Arkansas ("MOC") as the owner. The cemetery, in fact, is owned by Greene County Memorial Gardens, Inc. ("Greene County").

Greene County hereby acknowledges and agrees that all such sales were made on its behalf, that Greene County received and is receiving all consideration paid and which is being paid for such interment rights and that Greene County will honor and recognize such sales just as if the conveyance documents had been executed by Greene County. Greene County agrees that such sales and the conveyance documents are binding on and enforceable against Greene County. The sales records of Greene County Memorial Gardens accurately reflect the above described sales.

If the foregoing accurately sets out our agreement concerning the matters discussed, please cause a copy of this letter to be signed by an appropriate officer and return the same to the undersigned.

Very truly yours,

GREENE COUNTY MEMORIAL GARDENS, INC.

Accepted and Agreed to:

By:

President

President

President

JMPC, INC. 2121 Sage Road, Suite 200 Houston, Texas 77056

April 26, 2000

Memorial Operations Company of Arkansas 2121 Sage Road, Suite 200 Houston, Texas 77056

> Re: Jonesboro Memorial Park Jonesboro, Arkansas

Gentlemen:

Certain interment rights in the referenced cemetery were sold to consumers by deeds or other conveyance documents from Memorial Operations Company of Arkansas ("MOC") as the owner. The cemetery, in fact, is owned by JMPC, Inc. ("JMPC").

JPMC hereby acknowledges and agrees that all such sales were made on its behalf, that JPMC received and is receiving all consideration paid and which is being paid for such interment rights and that JPMC will honor and recognize such sales just as if the conveyance documents had been executed by JPMC. JPMC agrees that such sales and the conveyance documents are binding on and enforceable against JPMC. The sales records of Jonesboro Memorial Park accurately reflect the above described sales.

If the foregoing accurately sets out our agreement concerning the matters discussed, please cause a copy of this letter to be signed by an appropriate officer and return the same to the undersigned.

	very truly yours,	
_ # 	JPMC, INC.	
Accepted and Agreed to:	Ву:	•
MEMORIAL OPERATIONS CON OF ARKANSAS	President	
By:	, f ·	
	President	

EXHIBIT

MEMORIAL PARK AND MAUSOLEUM, INC. 2121 Sage Road, Suite 200 Houston, Texas 77056

April 26, 2000

Decatur Memorial Corp. Inc. 2121 Sage Road, Suite 200 Houston, Texas 77056

> Re: Memorial Park and Mausoleum Pine Bluff, Arkansas

Gentlemen:

Certain interment rights in the referenced cemetery were sold to consumers by deeds or other conveyance documents from Decatur Memorial Corp. Inc. ("Decatur") as the owner. The cemetery, in fact, is owned by Memorial Park and Mausoleum, Inc. ("Memorial Park").

Memorial Park hereby acknowledges and agrees that all such sales were made on its behalf, that Memorial Park received and is receiving all consideration paid and which is being paid for such interment rights and that Memorial Park will honor and recognize such sales just as if the conveyance documents had been executed by Memorial Park. Memorial Park agrees that such sales and the conveyance documents are binding on and enforceable against Memorial Park. The sales records of Memorial Park and Mausoleum accurately reflect the above described sales.

If the foregoing accurately sets out our agreement concerning the matters discussed, please cause a copy of this letter to be signed by an appropriate officer and return the same to the undersigned.

Very truly yours,

MEMORIAL PARK AND MASOLEUM, INC.

Accepted and Agreed to:

By:

President

President

President

EXHIBIT

"D"

Reat Haven Momoind Pork, Inc.

MEMORIAL PARK AND MAUSOLEUM, INC.

2121 Sage Road, Suite 200

Houston, Texas 77056

April 26, 2000

Decatur Memorial Corp. Inc. 2121 Sage Road, Suite 200 Houston, Texas 77056

> Re: Memorial Park and Mansage Rest Howen Memorial Park Pine Bluff, Afkansas Revokellulle, Arhonson

Gentlemen:

Certain interment rights in the referenced cemetery were sold to consumers by deeds or other conveyance documents from Decatur Memorial Corp. Inc. ("Decatur") as the owner. The cemetery, in fact, is owned by Memorial Park and Mansoleum, Inc. ("Memorial Park").

Rost House Memorial Park, inc.

Memorial Park hereby acknowledges and agrees that all such sales were made on its behalf, that Memorial Park received and is receiving all consideration paid and which is being paid for such interment rights and that Memorial Park will honor and recognize such sales just as if the conveyance documents had been executed by Memorial Park. Memorial Park agrees that such sales and the conveyance documents are binding on and enforceable against Memorial Park. The sales records of Memorial Park and Mausoleum accurately reflect the above described sales.

If the foregoing accurately sets out our agreement concerning the matters discussed, please cause a copy of this letter to be signed by an appropriate officer and return the same to the undersigned.

en e	Rest, MEMOR	Haven WM	noral Pork Inc.	
Accepted and Agreed to:	Ву:			
DECATUR MEMORIAL CO	RP. INC.		President	
Ву:				_
	President		re-type	
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	_	EXHIBIT	Color	
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Very truly yours

MEMORIAL OPERATIONS COMPANY OF ARKANSAS 2121 Sage Road, Suite 200 Houston, Texas 77056

April 26, 2000

Decatur Memorial Corporation of Arkansas 2121 Sage Road, Suite 200 Houston, Texas 77056	
	emorial Gardens ma, Arkansas
Certain interment rights in the reference conveyance documents from Decatur Me owner. The cemetery, in fact, is owner. The cemetery and fact, is owner. The cemetery and agrees are received and is receiving all consideration processed and in fact, is owner received and is receiving all consideration processed and that MOC. MOC agrees that such and enforceable against MOC. The sales in the above described sales are considerated. If the foregoing accurately sets out our cause a copy of this letter to be signed by	emotival operations Company and cemetery were sold to consumers by deeds or other merial Corporation of Arkansas ("Decatur") as the d by Memorial Operations Company of Arkansas that all such sales were made on its behalf, that MOC paid and which is being paid for such interment rights the sales just as if the conveyance documents had been sales and the conveyance documents are binding on records of East Memorial Gardens accurately reflect agreement concerning the matters discussed, please y an appropriate officer and return the same to the
undersigned.	Very truly yours,
en de la companya de La companya de la co	MEMORIAL OPERATIONS COMPANY OF ARKANSAS
Accepted and Agreed to:	Ву:
DECATUR MEMORIAL CORPORATION OF ARKANSAS	President Tolly
By: President	President President